

7/10/2000



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DAVIS, GRAHAM & STUBBS LLP

A LIMITED LIABILITY PARTNERSHIP
ATTORNEYS AT LAW

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VIEW POINT ON THE PARKWAY
4410 ARAPAHOE AVENUE
SUITE 200
BOULDER, COLORADO 80303
TELEPHONE 303-544-5900
FACSIMILE 303-544-5997

July 10, 2000

Sheldon H. Muller, Esq.
US EPA, Region VIII
999 18th Street, Suite 500
Denver, CO 80202-2466

Re: Rico Argentine Mine Site

Dear Sheldon:

Thank you for providing copies of documents associated with EPA's emergency removal activities at the Rico Site. Your June 28, 2000 letter requests that ARCO provide documents relating to its relationship with the Rico Argentine Mining Company and Crystal Gas Storage. For your information, I enclose the following:

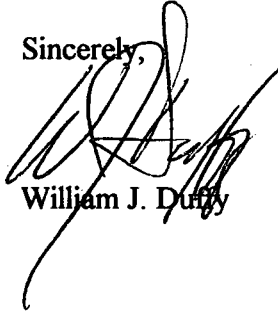
- June 1, 1978 Agreement between The Anaconda Company (Anaconda) and Rico Argentine Mining Company (RAMC), under which Anaconda obtained a right to conduct exploration activities and acquire real property interests held by RAMC, and related correspondence.
- June 17, 1980 offer by Anaconda to purchase substantially all of the real and personal property owned by Crystal Exploration and Production Company (Crystal) in Dolores County, including properties of RAMC, a division of Crystal (referred to as the Purchase and Sale Contract in the Closing Agreement dated August 27, 1980).
- Quitclaim Deed dated August 27, 1980 under which property at the Site was conveyed by Crystal and Crystal oil Company to Anaconda.
- Purchase and Sale Contract dated August 27, 1980 clarifying the terms and conditions related to transfer of real and personal property at the Site to Anaconda.

As we have discussed, ARCO is interested in working cooperatively with EPA and the State to resolve the water quality issues attendant to discharges from the St. Louis tunnel and Blaine adit. In our conversation, I mentioned the agreement between industry and the State of Colorado for remedial work in the Bonanza Mining District as a potential model for a cooperative relationship

Sheldon H. Muller, Esq.
July 10, 2000
Page 2

at Rico. EPA was not a party to the Statement of Roles and Responsibilities between the State and industry which was executed in 1994, but was involved in formulating the approach which was adopted. Nancy Mangone took the lead for EPA in discussions related to the Bonanza Mining District.

Sincerely,

A handwritten signature in black ink, appearing to be 'WJ Duffy', written over the printed name.

William J. Duffy

WJD/amg
Enclosures

cc: Alan Au, Esq. (w/enc)
Charles Stilwell

AGREEMENT

THIS AGREEMENT is made effective as of June 1, 1978, by and between The Anaconda Company ("Anaconda"), and Rico Argentine Mining Company, ("RICO"), Division of Crystal Exploration and Production Company.

1. RICO shall make available to Anaconda those mineral and surface rights to properties described in Section I and II of Exhibit "A", and the mineral rights only to the Town properties described in Section III of Exhibit "A", referred to as the "Property".

2. The initial term of the Agreement shall extend from the effective date until December 1, 1978. Anaconda shall pay RICO \$100,000.00 upon execution of this Agreement as consideration for the rights granted to Anaconda during the initial term.

3. Anaconda may extend this Agreement for a one-year period, from December 1, 1978, through November 30, 1979 (the "First Extension Period") by agreeing to perform exploration work on the Property of a cost equal to at least \$200,000.00

4. If Anaconda has performed exploration work on the Property at a cost of at least \$400,000.00 during the First Extension Period, Anaconda may extend this Agreement for a period from December 1, 1979, through November 30, 1980 (the "Second Extension Period") by agreeing to perform exploration work on the Property of a cost equal to at least \$200,000.00

5. If Anaconda has performed exploration work on the Property at a cost of at least \$500,000.00 during the Second Extension Period, Anaconda may extend this Agreement for a period from December 1, 1980, through November 30, 1981, by agreeing to perform exploration work on the Property of a cost equal to at least \$200,000.00.

6. Any time during the term of this Agreement, Anaconda shall have the right to acquire an interest in the Property, subject to the following conditions:

The procedure for acquiring the Property shall be commenced by Anaconda notifying RICO in writing of Anaconda's intention to acquire the Property. RICO shall then notify Anaconda, in writing, within sixty (60) days from the receipt of Anaconda's notice, as to whether RICO elects to sell the Property to Anaconda for a purchase price of \$5,000,000.00 for all of RICO's interest in the Property, or whether RICO elects to sell the Property to Anaconda for a purchase price of \$2,000,000.00 for all of RICO's interest in the Property subject to the reservation by RICO of a 7.5% net profits royalty in all production from the Property. The net profits royalty shall be calculated by deducting "Chargeable Expenditures," meaning all costs and expenses for exploring, developing, mining, processing, transporting and marketing of ores from the Property from

Gross Proceeds", meaning the proceeds derived from the
of all minerals produced from the Property.

If RICO fails to notify Anaconda of its election, Anaconda
have the right to choose either of the above interests.

7. Creditable expenditures for the exploration commitments
described in Paragraphs 3, 4, and 5 above shall include all
costs directly related to work on the Property, including
expenditures which would be claimed for annual work require-
ments for the Property, and costs directly related to the Property
geological and laboratory analyses, drafting, aerial photo-
graphy, airborne geophysical surveys and related work. Creditable
expenditures shall not include Anaconda's indirect corporate
overhead expenses.

Should Anaconda's exploration expenditures in any extension
period exceed the minimum requirements for that period, such
excess expenditures may be credited toward required expenditures
in subsequent extension periods. Conversely, the failure of
Anaconda to make the minimum expenditure required in any one
year shall constitute a default of this Agreement. Anaconda
at its election, make a cash payment to RICO equal to the
unfulfilled portion of the exploration commitment for the initial
term or any extension period hereof in lieu of performing all or
part of the exploration work required for any extension of this
Agreement. Such payment shall be made within 60 days after the
expiration of the initial term or any extension period hereof.

8. During the term of this Agreement, Anaconda shall have the right to exclusive possession of the Property, with the exception of the Town Property described in Section III of Exhibit "A" and the pile of iron oxide material lying on the property and the exclusive right, through its authorized agents, employees, contractors and representatives to enter into and upon the Property for all purposes of this Agreement, including, but without being limited to, the right to prospect, explore, drill, trench, excavate, test pit, sample and conduct any and all exploration and development activities for the purpose of determining the mineral and/or metal content of the Property.

While this Agreement remains in effect, Anaconda shall have the right to remove from the Property, all such materials and minerals as it deems necessary to properly test and explore the Property, but shall not remove materials or minerals for sale. RICO shall have the right to remove any or all of the pile of iron oxide material. All work performed by Anaconda pursuant to this Agreement shall be conducted in an efficient miner-like manner, and all operations will be conducted in accordance with all applicable governmental laws, rules and regulations.

9. During the term of this Agreement, Anaconda shall have the right to use all structures and facilities of RICO located on the Property. Anaconda shall pay all utility costs for such facilities. RICO shall provide office space, core storage space and laboratory facilities as exist within the city limits at Rico at the date of this Agreement. Anaconda shall pay Rico \$2,500.00 per month payable on the first day of each month in advance beginning June 1, 1978, as consideration for such

facilities. RICO shall pay the utility costs for such facilities except for telephone service costs which shall be paid by Anaconda.

10. During the term of this Agreement, Anaconda shall be responsible for the payment of all ad valorem taxes levied or assessed on the Property, except for ad valorem taxes on the surface estate reserved by RICO. Anaconda shall also perform and file documents reciting all necessary assessment work for the Property.

11. In the event of any default by Anaconda in the performance of its obligations hereunder, RICO shall give to Anaconda written notice to cure the default. If the default is not cured within sixty (60) days after the receipt of the notice, and if Anaconda has not within that time begun action to cure the same and does not thereafter diligently prosecute such action to completion, RICO may terminate this Agreement by written notice to Anaconda, subject to Anaconda's right to remove its property and equipment from the Property, as provided below. RICO shall have no right to terminate this Agreement except as set forth in this paragraph.

Anaconda shall have the right to terminate this Agreement at any time after performing all required work. At the time of such termination by Anaconda, RICO shall then regain full ownership of the Property.

12. Upon execution of this Agreement, RICO shall make

available to Anaconda all geological, geophysical, geochemical, drill core, assay, engineering, legal, metallurgical and other pertinent reports, maps, property appraisals and other data concerning the Property that RICO has in its possession or has a right to obtain from third parties.

13. Anaconda shall, within forty-five (45) days following the end of each extension period, furnish RICO a schedule of expenditures for exploration work on the Property during the previous year. If no exceptions are made by RICO within forty-five (45) days to the schedule, RICO will be deemed to have accepted the expenditures as submitted by Anaconda.

14. RICO covenants and represents that it owns the Property free and clear of all liens, encumbrances, and conflicts of community property interests, or other interests, and that it has full power and authority to enter into this Agreement.

15. In the event that RICO desires to assign or otherwise transfer all or a portion of its interest in the Property other than its surface estate within the limits of the City of Rico, Colorado, RICO shall first offer to sell such interest to Anaconda. RICO shall give notice to Anaconda of its intention to sell its interest ("Offered Interest") and the price, terms and conditions of such sale. RICO shall not disclose to third parties, including potential transferees, any information considered confidential under the terms of this Agreement without having first obtained the consent of

Anaconda which consent shall not be unreasonably withheld.
Within thirty (30) days following the receipt of the
above notice, Anaconda shall have the right to purchase the
Offered Interest from RICO. In the event that Anaconda
shall not elect to purchase the Offered Interest during the
aforementioned thirty (30) day period or fails to respond
during this period, then RICO shall have the right for a
period of six (6) months after the end of such thirty (30)
day period to sell the Offered Interest to a third party
upon price, terms and conditions not different from those
offered to Anaconda.

In the event of assignment pursuant to this Section,
all of the terms and conditions of this Agreement shall run
with the land and shall inure to the benefit of and be
binding upon the respective successors and assigns of the
parties.

16. Either party may transfer or assign its interest
in the Property and in this Agreement to a subsidiary or
affiliate company upon having first received the consent of
the other party, which consent shall not be unreasonably
withheld.

17. Anaconda shall have the right to assign or sub-
contract to others the performance of exploration and develop-
ment work hereunder, subject to all of the terms of this
Agreement but no such assignment or subcontract shall relieve
Anaconda of its obligations hereunder.

18. The parties shall, upon request of either party, execute and acknowledge a Memorandum of Agreement for the purpose of recordation which will refer to and incorporate this Agreement therein by reference and state therein generally the description of the Property, the term allowed for exploration, the parties and an address where a copy of this Agreement is available for inspection.

19. In the event a controversy concerning this Agreement arises between RICO and Anaconda, the rights and obligations of the respective parties will continue uninterrupted notwithstanding any controversy between them until such time as said controversy shall have been finally settled by mutual agreement, arbitration or judicially.

20. Information concerning this Agreement and related activities shall be voluntarily released only upon mutual agreement between RICO and Anaconda except as counsel for either party may deem legally necessary, in which event such party shall notify the other party, in advance of the time, contents of and specific legal reasons for such release.

21. Any notice required or permitted to be given hereunder shall be deemed properly given upon delivering the same personally to the party to be notified, or upon mailing such notice, by registered or certified mail, return receipt requested, to the party to be notified, at its address hereafter set forth, or such other address within the United States of America as the party to be notified may have designated prior thereto by written notice to the other.

RICO ARGENTINE MINING COMPANY
DIVISION OF CRYSTAL EXPLORATION
AND PRODUCTION COMPANY
P. O. Box 21101
SHREVEPORT, LOUISIANA 71120

THE ANACONDA COMPANY
Manager of Mineral Lands
660 Bannock Street
Denver, Colorado 80204


22. If Anaconda shall be prevented from performing any work under the provisions of this Agreement by reason of any strike, accident, fire, explosion, flood, earthquake, mobilization, war, hostility, riot, rebellion, revolution, blockade, or requirement, regulation, or other act of agency, court, government or governments, whether legal or otherwise, acts of public enemies, the elements, not reasonably within the control of Anaconda which delays or interferes with the work of Anaconda, then and in all such cases and upon prompt notice thereto to RICO, such acts or events shall be considered sufficient justification for delay of Anaconda in its performance under the terms hereof and the dates of this Agreement shall be extended for the period of such delay or delays, except in the case of delays occasioned by governmental requirement or regulation in which event, if Anaconda fails to comply with said governmental requirement or regulation within ninety (90) days or within such other time frame to which the parties may agree, then RICO shall have the option to terminate this agreement.

23. RICO's authorized agent or agents shall have the right at all reasonable times to enter on the Property to examine and inspect facilities constructed or used thereon, provided that such inspection shall not unreasonably interfere with the exploration and/or development work of Anaconda.


24. This Agreement shall be governed by and construed under the laws of the State of Colorado.

IN WITNESS WHEREOF, the parties hereto have executed the foregoing Agreement the day and year first above written.

RICO ARGENTINE MINING COMPANY,
Division of Crystal Exploration and
Production Company

By 
Robert F. Roberts
Its PRESIDENT

THE ANACONDA COMPANY

By 
Its Vice President

CITISTA
OIL COMPANY

PO BOX 21101 SHREVEPORT LOUISIANA 71120
TELEPHONE 318-222-7791 TWX 510 973 4067

October 20, 1978

Mr. Thomas N. Burdette
Manager, Mineral Lands Department
The Anaconda Company
555 Seventeenth Street
Denver, Colorado 80217

Dear Mr. Burdette:

We enclose a fully executed copy of Amendment
No. 1 to the Rico Argentine Agreement.

Yours very truly,

Robert R. Gregory
Secretary and Corporate Counsel

RRG/nh
Enc.

cc/w.att.

R. Gordon Bader
Orville Jahnke



AMENDMENT NO. 1 TO AGREEMENT

THIS AMENDMENT NO. 1 TO AGREEMENT is made and effective this 2nd day of October, 1978, by and between THE ANACONDA COMPANY (Anaconda) and RICO ARGENTINE MINING COMPANY (Rico), a Division of Crystal Exploration and Production Company.

Anaconda and Rico hereby amend the Agreement effective June 1, 1978 and made by and between The Anaconda Company and Rico Argentine Mining Company (Agreement) as follows:

1. Pursuant to Rico's obligation under Section 1 of the Agreement to make certain mineral properties available to Anaconda for inspection and exploration, ~~Rico shall repair and renovate the Saint Louis Adit (Adit) of the Argentine workings near Rico, Colorado to a sufficient degree to allow Anaconda employees safe entrance to do underground mapping and sampling. Rico shall also repair and renovate an access from the Adit through the Argentine working to the surface.~~ It is contemplated that his work will consist primarily of ~~draining water from the Adit, clearing debris from the Adit, replacing timbers in the Adit and replacing ladders and steps in the access from the Adit through the Argentine workings to the surface.~~

2. Rico shall commence the work contemplated herein, on or about October 15, 1978. ~~The work shall be~~ completed within ~~forty-five~~ (45) calendar days after commencement.

3. As consideration for this Amendment No. 1 to Agreement, Anaconda shall reimburse Rico accordingly:

(a) ~~664.00 per day per man actually performing the work contemplated herein,~~

(b) ~~The actual costs of any materials~~ procured by Rico and left in the workings that are part of the renovation effort in the Adit or access. This would include such items as new timbers and new ladders.

4. In the performance of the work contemplated herein, Rico shall provide:

(a) All tools, equipment and supplies necessary to properly and safely complete the work;

(b) All materials necessary to properly and safely complete the work; and

(c) A two-man crew to work one shift per day and all necessary support items for that crew.

5. Rico shall be responsible for completing the work in a safe and minerlike manner. Rico shall be solely responsible for total compliance with the Federal Mine Safety and Health Act Amendments of 1977 (MSHA), all rules

and regulations promulgated pursuant to MSHA and all other federal, state or local laws, rules or regulations pertaining to mine safety. Rico shall also be responsible for obtaining, from all federal, state and local governmental units or agencies, all permits, authorizations or approvals necessary to legally and properly conduct the work contemplated herein.

6. Rico shall invoice Anaconda no later than thirty (30) days after satisfactory completion of all work contemplated herein. Such invoice shall itemize all charges to be paid by Anaconda, and shall include time sheets, statements, invoices or other items to verify the charges. The invoice shall be paid within forty-five (45) days after receipt by Anaconda.

7. The notice address for Anaconda as set forth in Paragraph 21 of the Agreement shall be changed to:

THE ANACONDA COMPANY
Mineral Resources Group
Manager of Mineral Lands
555 Seventeenth Street
Denver, Colorado 80217

8. Except as provided in this Amendment No. 1 to Agreement, the Agreement shall remain in full force and effect.

The parties hereto, hereby execute the foregoing

Amendment No. 1 to Agreement the day and year first above written.

RICO ARGENTINE MINING COMPANY
Division of Crystal Exploration
and Production Company

By Robert F. Roberts
Its President

THE ANACONDA COMPANY

By G. A. Barber
Its Vice President

STATE OF COLORADO)
COUNTY OF DENVER) ss.

The foregoing instrument was acknowledged before me on this 12th day of October, 1978, by G. A. Barber, as Vice President of THE ANACONDA COMPANY.

Witness my hand and official seal.

My commission expires: My Commission Expires May 12, 1982

(SEAL)

Robert F. Roberts
Notary Public

STATE OF LOUISIANA)
Parish of CADDO)

Be it known, That on this 20 day of the month of

October _____, 19 78, before me, the undersigned au-
thority, personally came and appeared ROBERT F. ROBERTS
President of Crysal Exploration Company as
President of RICO ARGENTINE MINING COMPANY, a
corporation, to me personally known by me to be the person
whose genuine signature is affixed to the foregoing docu-
ment, who signed said document before me ~~and in the presence~~
~~of the witnesses whose names are set forth in the~~
~~such being competent witnesses, and who acknowledged, in my~~
presence ~~and in the presence of said witnesses,~~ that he
signed the above and foregoing document as the act and deed
of said corporation and for the uses and purposes therein
set forth and apparent.

In witness whereof, the said appearer has signed
these presents and I have hereunto affixed my hand and seal,
~~together with the said witnesses~~ on the day and date first
above written.

(SEAL)

Dore Covey Barham
Title:

IONE COVEY BARHAM
Notary Public, Caddo Parish, La.
My commission is for life.

ANACONDA 

December 1, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

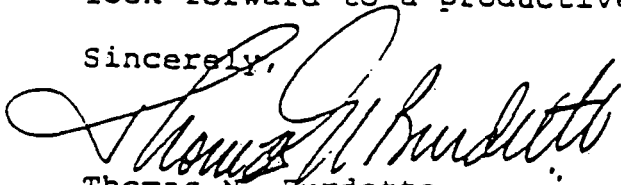
Mr. Robert F. Roberts
Rico Argentine Mining Company
Division of Crystal Exploration
and Production Company
P. O. Box 21101
Shreveport, Louisiana 71120

Dear Mr. Roberts:

This is written confirmation of Anaconda's intention to extend the June 1, 1978 Agreement between Rico Argentine and Anaconda from December 1, 1978 to November 30, 1979. Pursuant to Section 3 of that Agreement, Anaconda agrees to perform exploration work on the Property of a cost equal to at least \$200,000. As during the initial term of the Agreement, it is understood that Anaconda shall have responsibility only for those adverse environmental consequences created by Anaconda or Anaconda's contractors.

We appreciate your cooperation and the cooperation of the Rico Argentine employees located in Rico, Colorado, and we look forward to a productive year.

Sincerely,



Thomas N. Burdette
Manager, Mineral Lands

js

cc: John Wilson
Gary Bennett
Gordon Badar
G. M. Clark, Jr.



November 20, 1979

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Rico-Argentine Mining Company
Division of Crystal Exploration
and Production Company
P. O. Box 21101
Shreveport, LA 71120

Attention: Mr. Robert F. Roberts

Gentlemen:

This is written confirmation of Anaconda's intention to extend the June 1, 1978 Agreement between Rico-Argentine and Anaconda from December 1, 1979 to November 30, 1980. ~~Pursuant to Section 3 of that Agreement, Anaconda agrees to perform exploration work on the Property at a cost equal to at least \$200,000.~~

~~Anaconda has performed exploration work on the Property between December 1, 1978 and November 30, 1979 at a cost of at least \$400,000.~~
A schedule of the creditable expenditures for exploration work done on the Property for the period ending November 30, 1979 shall be sent to you by January 15, 1980.

As during the initial term of the Agreement, it is understood that Anaconda shall have responsibility only for those adverse environmental consequences created by Anaconda or Anaconda's contractors.

We appreciate your cooperation and the cooperation of the Rico-Argentine employees located in Rico, Colorado, and we look forward to a productive year.

Sincerely,

G. E. Rupp
Manager, Mineral Lands

bh

cc: J. C. Wilson
D. L. Janowski
J. R. King
C. C. Howard

ANACONDA Copper Company

555 Seventeenth Street
Denver, Colorado 80217
Telephone 303 575-4000



January 2, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Rico-Argentine Mining Company
Division of Crystal Exploration
and Production Company
P. O. Box 21101
Shreveport, LA 71120

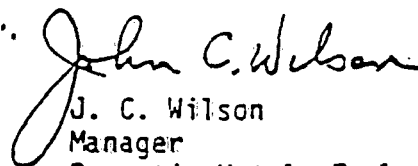
Attention: Mr. Robert F. Roberts

Gentlemen:

This letter is notification that Anaconda has exceeded the exploration work requirements described in Sections four and seven of the June 1, 1978 Agreement between Rico-Argentine and Anaconda. The attached table shows that at least \$654,059.75 have been expended on creditable work completed through November 30, 1979. Drill bits used during 1979 have not yet been salvaged. Consequently, their costs cannot yet be calculated and will be credited to subsequent work requirements.

The exploration expenses through November 30, 1979 exceed the commitment to that date by \$254,059.75. As provided by Section seven of the June 1, 1978 Agreement, the \$254,059.75 can be applied to subsequent extension periods.

Sincerely,


J. C. Wilson
Manager

Domestic Metals Exploration

LFB/sc

Enclosure

cc: C. Howard
D. Janowski
J. R. King
G. Rupp

RICO PROJECT EXPLORATION EXPENDITURES
THROUGH NOVEMBER 30, 1979

1978 EXPLORATION EXPENSES THROUGH
NOVEMBER 30, 1978 \$110,321.05

EXPLORATION EXPENSES DECEMBER 1, 1978
THROUGH NOVEMBER 30, 1979:

DRILLING	361,355.74
ASSAYS	7,198.56
RICO ARGENTINE BILLS	76,485.46
SALARIES	50,641.63
EMPLOYEE EXPENSES	13,886.68
LAND	17,911.99
MISCELLANEOUS	<u>16,258.64</u>
(core boxes, surveying, repairs, equipment, etc.)	\$543,738.70
TOTAL 1978 & 1979	\$654,059.75

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June 17, 1980

Crystal Exploration and Production Company
P.O. Box 21101
Shreveport, Louisiana 71120

Attention: Robert F. Roberts
President

Re: Purchase of Rico Properties

Gentlemen:

This letter represents an offer by The Anaconda Company ("Anaconda") to purchase substantially all of the real and personal property owned by Crystal Exploration and Production Company ("Crystal") in Dolores County, Colorado, including properties of Rico Argentine Mining Company, a division of Crystal.

Anaconda hereby offers to purchase such properties from Crystal on the following terms and conditions:

1. Property Conveyed. The property to be purchased by Anaconda is all of the real and personal property, and related property rights, of Crystal located within Dolores County, Colorado, excepting only the Gulf and Silver Glance Mining Claims (U.S. Mineral Survey No. 7111). Such property to be purchased by Anaconda (the "Property") would include the following:

(a) Real Property. All patented mining claims identified on the attached Exhibit A; all unpatented mining claims identified on attached Exhibit B; all segregated lands described on the attached Exhibit C; and all real property rights, including lots, unsubdivided lands and mineral rights, within the Rico Townsite, identified on the attached Exhibit D. Included with all such real property would be all of Crystal's surface and mineral rights, all standing timber, and all appurtenances and hereditaments, including any easements, rights-of-way and water rights, and together with all buildings, structures and other improvements and fixtures located upon or affixed to such real property (the "Real Property").

(b) Dumps and Tailings. All dumps and tailings ponds, whether located on the Real Property or otherwise, to the extent owned by Crystal and located within Dolores County (the "Dumps and Tailings").

(c) Data and Records. All geological, geophysical, geochemical, assay, engineering, legal, title, metallurgical and other pertinent data, reports, maps, and property appraisals concerning all or any portion of the Real Property, or past exploration, development or mining operations thereon, which Crystal has in its possession, which is reasonably available to Crystal, or which Crystal has a right to obtain from third parties, whether located at Rico, Salt Lake City, Shreveport or elsewhere. Also included shall be all information regarding contacts, past and present, with any environmental, safety, health or mining agency with regard to permits, licenses and approvals of any kind, and environmental or safety concerns, liabilities or responsibilities related to the Real Property. (All such information, reports and data are hereinafter collectively referred to as "Data.")

(d) All drill core obtained from the Real Property which is in Crystal's possession or reasonably available to it (the "Drill Core").

(e) Water Rights. All water rights, whether currently adjudicated or in the process of adjudication, together with all lines, ditches, and other conveyances owned or claimed by Crystal, and together with any other rights to use water, lines, ditches and other conveyances (the "Water Rights").

(f) Personal Property. All personal property currently owned by Crystal which is located within Dolores County which will be inventoried and identified in accordance with Paragraph 3(c) below (the "Personal Property").

(g) Telephone Company. All assets, including equipment, supplies, inventory, franchises, rights-of-way, permits, licenses and approvals, of The Rico Telephone Company (the "Telephone Company").

(h) Unearned Rentals. All rentals received by Crystal prior to the date of closing which include any period of time after that date shall be prorated on the number-of-days method and the unearned portion thereof computed (the "Unearned Rentals").

(i) Miscellaneous. Any right which Crystal may have to subsequently receive a conveyance of any real property located in Dolores County (or any interest therein) by virtue

of the purchase of any tax sale certificate or similar document, or as a result of any pending quiet title or similar action, and any permits, licenses or similar authorizations or approvals applicable to any of the Real Property or the Personal Property (the "Other Interests").

2. Purchase Price. The purchase price for Anaconda's purchase of all of the Property would be Four Million Five Hundred Thousand Dollars (\$4,500,000.00). The purchase price will not be subject to any subsequent adjustment, except that (i) real and personal property taxes for 1980, due and payable in 1981, will be pro rated between Crystal and Anaconda on the number-of-days method; (ii) Colorado Sales Tax on the Personal Property, and on any personal property included in the Telephone Company will be collected and remitted to the State by Crystal; and (iii) except that the Unearned Rentals will be paid to Anaconda at closing. Upon payment of the purchase price to Crystal, Crystal would have no further right, title or interest of any kind in any of the Property, and would retain no subsequent rights to use the crushing plant and mill, or any other facilities included in the Property.

3. Activities Prior to Closing. Beginning immediately, Crystal will discontinue lot sales in the Rico Townsite, and will not otherwise sell, assign, pledge, encumber, lease or convey any part of the Property to any third party.

No later than August 8, 1980, Crystal will deliver to Anaconda the following documents and information pertaining to the Property:

(a) All ~~pertinent~~ documents concerning pending adjudications of water rights and related matters, and regarding pending quiet title or similar actions, which relate to any portion of the Real Property and to which Crystal is a party;

(b) All documents concerning tax sale certificates and similar documents under which Crystal may subsequently receive title to real property located within Dolores County;

(c) A listing of all of the Personal Property, and of all assets of the Telephone Company, which will result from an inventory of all such property conducted jointly by employees of both Crystal and Anaconda prior to August 8, 1980;

(d) Written advice of any errors or omissions in the property descriptions attached hereto as Exhibits A through D;

(e) A list of creditors of Crystal in the form required by and otherwise in accordance with Section 4-6-104(2)(a) of the Colorado Uniform Commercial Code (concerning "Bulk Transfers");

(f) All pertinent documents concerning encumbrances or obligations of Crystal with respect to the Town of Rico, including any easements or rights-of-way granted to that Town;

(g) A list of and, if written, copies of all currently effective leases of any of the Real Property or of structures located thereon;

(h) All pertinent documents concerning the operations or assets of the Telephone Company; and

(i) Any other information which Crystal believes would be helpful to Anaconda in preparing the necessary documents evidencing the conveyance of all of the Property to Anaconda or in facilitating such transfer.

No later than August 8, 1980, as a result of the inventory of the Personal Property and the assets of the Telephone Company described above, representatives of Anaconda and Crystal shall agree, in writing, to a total value for the Personal Property, and of any taxable personal property included in the assets of the Telephone Company, to be used in computing the Colorado Sales Tax due thereon at closing. In the event that the parties are unable to agree to such valuation, a mutually acceptable appraiser shall be selected by the parties and shall complete an appraisal of such property prior to closing. The valuation so established by the appraiser shall be final and used by the parties to compute the Colorado Sales Tax due. All costs of such appraisal, if any, will be shared equally by the parties, one-half to Crystal and one-half to Anaconda.

At least ten (10) days prior to closing, Anaconda shall give notice to all creditors of Crystal identified on the above-described list. Such notice shall comply with Sections 4-6-105 and 4-6-107 of the Colorado Uniform Commercial Code.

4. Closing. The closing of this purchase transaction shall be held on August 27, 1980, in Denver, Colorado at a time and place to be selected by Anaconda, or at any earlier date and time as may be mutually agreed upon by the parties in writing. At closing, Anaconda shall deliver to Crystal a check in the amount of Four Million Five Hundred Thousand Dollars (\$4,500,000.00), less Crystal's pro rata portion of 1980 real and personal property taxes on The Property, payable to Crystal Exploration and Production Company; and a check for the Colorado Sales Tax due with respect to the sale of the Personal Property, and any taxable personal property included on the assets of the Telephone Company. Crystal shall deliver to Anaconda the following documents, executed and acknowledged on behalf of Crystal:

(a) A good and sufficient Special Warranty Deed, in substantially the form of attached Exhibit E, conveying all of the Real Property to Anaconda;

(b) A good and sufficient Bill of Sale, in substantially the form of attached Exhibit F, conveying all of the Personal Property, the Data and the Drill Core to Anaconda, and conveying any portion of the Dumps and Tailings not effectively conveyed by such Special Warranty Deed;

(c) All assignments, quitclaim deeds or similar documents necessary to effectively transfer the Water Rights, the Other Interests and the Telephone Company to Anaconda;

(d) A good and sufficient Quitclaim Deed, in substantially the form of attached Exhibit G, conveying all of the Property to Anaconda;

(e) An opinion of corporate counsel that appropriate officers of Crystal have full power and authority to execute and deliver the Special Warranty Deed, Bill of Sale and Quitclaim Deed to Anaconda at closing; and

(f) Written notices of change of ownership and payment instructions, for mailing by Anaconda, addressed to each of the lessees identified pursuant to Paragraph 3(f) above.

Crystal will also deliver a check to Anaconda in the amount of the Unearned Rentals. The Data shall be delivered to Anaconda at the closing or may, at Crystal's option, be delivered to Anaconda at Rico or Denver prior to the closing. All drill core will be delivered to Anaconda at Rico on or before the date of the closing.

5. Warranties.

(a) Crystal represents and warrants that the instruments to be delivered to Anaconda at closing will convey and assign to Anaconda all of its surface and mineral rights and interests with respect to properties (excepting only the Gulf and Silver Glance Mining Claims, U.S. Mineral Survey No. 7111) owned by Crystal in Dolores County, Colorado. If such be not the case, Crystal agrees to promptly convey or assign such other property, rights or interests to Anaconda at closing, or at any time thereafter, without additional consideration.

(b) Crystal agrees that it will not, for a period of five (5) years from the date hereof, locate or otherwise acquire claims, rights or interests in or to lands situated within Dolores County, Colorado. If Crystal so does locate or otherwise acquire any such claims, rights or interests,

then Crystal agrees to promptly convey or assign such claims, rights, or interests to Anaconda, without additional consideration. The provisions of this Paragraph 5(b) shall not be applicable to any mineral right or interest acquired by Crystal which is limited, by the terms of the applicable instrument, only to exploration for or development of oil, gas and associated hydrocarbons.

(c) Crystal represents and warrants that it owns the Property free and clear of all liens, encumbrances, and conflicts of community property interests, or other interests, excepting only real or personal property taxes for 1980, due and payable in 1981, and the leases to be identified pursuant to Paragraph 3(f) above, and that it has full power and authority to enter into this agreement, and to convey the Property to Anaconda as herein provided.

(d) Crystal represents and warrants that all real and personal property taxes for 1979, and prior years, have been paid in full.

(e) Crystal represents and warrants that all Data and Drill Core will be delivered to Anaconda at or before the closing, and that Crystal will not retain copies of any of the Data.

(f) Crystal covenants and represents that it will fully comply with both the Colorado Uniform Commercial Code - Bulk Transfers and the Colorado Emergency Retail Sales Tax Act of 1935 to the extent those statutes apply to this purchase and sale transaction.

(g) The representations and warranties set forth in this Paragraph 5 shall survive any closing hereunder.

6. Notices and Communications. Any notice, transmittal of information or other communication given under this agreement shall be in writing and shall be delivered personally, or sent by certified mail, addressed as follows:

If to Anaconda:

The Anaconda Company
555 Seventeenth Street
Denver, Colorado 80217
Attention: Manager, Mineral
Lands Department

If to Crystal:

Crystal Exploration and
Production Company
P.O. Box 21101
Shreveport, Louisiana 71120
Attention: Robert F. Roberts

7. Successors and Assigns. All of the terms, covenants and conditions of this agreement shall inure to the benefit and be binding upon the respective successors, legal representatives and assigns of the parties.

8. Prior Agreement. This agreement shall have no current effect upon the agreement between The Anaconda Company and Rico Argentine Mining Company, a division of Crystal Exploration and Production Company, dated June 1, 1978, as amended by Amendment No. 1 dated October 20, 1978. Upon the conclusion of the closing provided for in Paragraph 4 above, title to the Property will be merged in Anaconda and the June 1, 1978 Agreement, as amended, will be deemed terminated and of no further force and effect. At that time a document, in recordable form, evidencing such termination shall be executed by the parties thereto.

9. Further Assurances. From time to time, upon reasonable request of the other, Anaconda and Crystal will execute and deliver to the other such documents and instruments, and provide such information, and take such other actions as reasonably may be necessary or advisable in order to promptly and completely carry out the purchase and sale transaction contemplated hereby.

10. Memorandum of Agreement. At Anaconda's request, Crystal will execute a Memorandum concerning this agreement for recording by Anaconda in Dolores County. Crystal will not record this agreement in Dolores County without the prior written consent of Anaconda.

11. Announcements. Neither party shall make any public announcement or statement concerning the making of this agreement, or any of the terms and provisions hereof, without the express prior written authorization of the other party.

12. Miscellaneous.

(a) Crystal will make no objection to any offer of employment Anaconda may, at its sole election, make to any current employee of Crystal located at Rico, Colorado.

(b) This agreement and all other instruments executed in furtherance of the transaction contemplated hereby, and the rights and obligations of the parties hereunder and under such other instruments, shall be governed in accordance with the laws of the State of Colorado.

(c) The invalidity or unenforceability of any portion or provision of this agreement shall in no way affect the validity or enforceability of any other portion or provision of this agreement.

(d) This agreement may not be amended or modified in any respect except by a written agreement signed by the parties.

(e) Anaconda and Crystal each represent and warrant to the other that they have the full power and authority to execute this agreement.

(f) All exhibits mentioned in this agreement shall be attached hereto and shall form an integral part hereof.

If you accept the foregoing offer, please indicate your acceptance by executing and returning the enclosed copy. After it has been so executed, it shall be a binding contract of purchase and sale between Crystal and Anaconda.

Very truly yours,

THE ANACONDA COMPANY

By

G. A. Barber
G. A. Barber, Vice President

AGREED TO AND ACCEPTED this 17th day of June, 1980.

CRYSTAL EXPLORATION AND PRODUCTION COMPANY

By

Robert F. Radente
Title President

STATE OF COLORADO
City and
County of Denver

)
) ss.
)

The foregoing instrument was acknowledged before me on this 17 day of June, 1980, by H. A. Parker, a Vice President of The Anaconda Company, a Delaware corporation.

Witness my hand and official seal.

[Signature]
Notary Public

My commission expires _____

STATE OF LOUISIANA

)
) ss.
)

My Commission expires September 26, 1983

Parish of Caddo

The foregoing instrument was acknowledged before me on this 17th day of June, 1980, by Robert F. Roberts, as the President of Crystal Exploration and Production Company, a Florida corporation.

Witness my hand and official seal.

[Signature]
Notary Public

My commission expires _____

Attachments:

- Exhibit A - Patented Mining Claims
- Exhibit B - Unpatented Mining Claims
- Exhibit C - Segregated Lands
- Exhibit D - Rico Townsite Lands
- Exhibit E - Special Warranty Deed
- Exhibit F - Bill of Sale
- Exhibit G - Quitclaim Deed

LAMAR G. CASKEY, JR.
NOTARY PUBLIC, Caddo Parish, Louisiana
My Commission is for life

CLOSING AGREEMENT

THIS CLOSING AGREEMENT (this "Agreement") is by and between the CRYSTAL EXPLORATION AND PRODUCTION COMPANY, a subsidiary of the CRYSTAL OIL COMPANY ("Crystal") and THE ANACONDA COMPANY ("Anaconda").

RECITALS

A. Crystal and Anaconda have this day closed the sale and purchase of substantially all the assets of Crystal in Dolores County, Colorado, including the assets of the Rico Argentine Mining Company, a division of Crystal.

B. The parties hereto desire to set forth their understandings concerning certain matters relating to the transaction.

AGREEMENT

In consideration of the Recitals, the sale and purchase of Crystal's assets, and the execution and delivery of several deeds, it is hereby agreed as follows:

1. Paragraphs 3(e) and 5(g) of the June 17, 1980 Purchase and Sale Contract ("Contract") provide that Crystal must comply with the requirements of the Colorado Bulk Transfers Act, Colo. Rev. Stat. (1973) §§4-6-101 et seq. Paragraph (3) of the Contract provides that Anaconda must provide the statutory notice to Crystal's creditors at least ten days prior to the transfer. It is agreed by and between the parties hereto that compliance with the requirements of the Bulk Transfers Act be waived and that, in consideration of such waiver, Crystal shall indemnify and hold harmless Anaconda against and in respect of any and all actions, suits, proceedings, claims or demands by the creditors of Crystal arising by virtue of this waiver. Said agreement is reflected in a letter from Crystal to Anaconda dated August 27, 1980 and entitled "Waiver of Colorado Bulk Sales Act Requirements."

2. It is understood that the NPDES Discharge Permit (No. CO-0029793) issued by the Colorado Department of Health and held by the Rico Argentine Mining Company should be transferred to Anaconda at or shortly after the closing date. The parties have agreed to the following procedure, which is in accordance with certain provisions set forth in the permit, in order to secure its transfer: Crystal has notified the permit transferee, Anaconda, of the permit transfer by letter agreement duly signed and executed by an appropriate Crystal officer. The permit transfer date has been established as August 27, 1980 or as soon thereafter as possible consistent with state and federal law. Said letter complies with the notice requirements set forth in the permit itself and in the applicable Colorado NPDES regulations. The parties have also executed an "Application for Transfer and Acceptance of Terms of NPDES Permit" as required by the Water Quality Control Division of the Colorado Department of Health.

In the event it is subsequently determined that the "permit-transfer" provisions of EPA's Consolidated Permit Regulations, 40 C.F.R. Part 122 (45 Fed. Reg. 33418 et seq.), apply to the transfer of an existing state discharge permit issued by the Colorado Water Quality Control Division, Crystal and Anaconda hereby agree to comply with those provisions including the submission of any necessary forms or applications and further agree to take any additional steps necessary to effect the transfer of the permit to Anaconda.

3. It is understood by the parties that the Colorado Water Quality Control Division (CWQCD) may be contemplating the imposition of compliance requirements on and/or the commencement of enforcement actions against the owner-operator of certain mining facilities, namely a mill located on a tributary of the Dolores River known as Silver Creek

and two tunnels known as the Blaine Tunnel and the St. Louis Tunnel, generally located along or near the Dolores River in Rico, Colorado as a result of certain NPDES permit violations alleged to have occurred at these facilities. The present owner-operator of these facilities is the Rico Argentine Mining Company. In recognition of the fact that the NPDES permit covering these facilities (i.e., No. CO-0029793) will be transferred to Anaconda on or shortly after August 27, 1980, the parties hereto have agreed, with respect to all possible liabilities associated the alleged permit violations, as follows:

a) If any criminal or civil penalties are assessed against the owner-operator of the above-mentioned facilities pursuant to Sections 25-8-608 or 25-8-609 of the Colorado Revised Statutes (1973), or pursuant to Sections 309(c) or 309(d) of the Federal Clean Water Act, and if such penalties are based on permit violations occurring before August 27, 1980, Crystal shall be liable for said penalties and shall be responsible for payment of such penalties to the appropriate state or federal agency; provided, however, that in no event shall Crystal's liability for the penalties or any other costs exceed thirty thousand dollars (\$30,000.00). If, for any reason, the penalties and costs imposed as a result of such violations exceed thirty thousand dollars, Anaconda shall be liable for such excess. Crystal shall not be liable for any penalties or costs imposed as a result of violations which occur after August 27, 1980, even if the NPDES permit presently held by the Rico Argentine Mining Company has not been effectively transferred to Anaconda by that date.

b) Crystal covenants and agrees that it will provide Anaconda with such "administrative" assistance as Anaconda may require in responding to, or resolving any disputes or requests, orders or actions brought or issued by

the Colorado Department of Health or EPA in connection with any permit violations alleged to have occurred before August 27, 1980. Such assistance may include supplying information relevant to the alleged violations to appropriate agencies or negotiating with said agencies. Crystal shall have the right to refuse to provide assistance if it determines in good faith that such assistance would pose significant financial or administrative burdens.

c) Anaconda shall be solely and fully responsible for any and all compliance requirements imposed, in response to permit violations which occur either before or after August 27, 1980, by either the Colorado Department of Health or EPA, including, without limitation, clean-up orders or the installation of pollution control facilities, devices, plans or programs. In no event shall Crystal be liable for or subject to, either directly or indirectly, any such compliance costs or requirements.

4. With respect to the International Flatbed Truck, identified by Crystal Equipment Number 49019, for which no Colorado Certificate of Title exists, Crystal has agreed to take the steps necessary to obtain such a Certificate of Title. The procedures for obtaining a Colorado Certificate of Title have been initiated and, by letter dated August 27, 1980, Crystal has acknowledged its intention to assign and deliver the Colorado Certificate of Title to the truck to Anaconda once the said Certificate is obtained.

5. Crystal and Anaconda have agreed, in light of the uncertainty surrounding the nature of Crystal's right, title and interest in and to certain of the properties contracted to be sold, including certain town lots, patented and unpatented claims and water rights, to modify the nature and extent of the warranties and deeds under which the properties are to be conveyed.

a) The June 17, 1980 Contract requires Crystal to execute, acknowledge and deliver a special warranty deed

in substantially the form of an exhibit attached to the Contract and identified as "Exhibit E." The warranty set forth in the Exhibit E "Mining Deed" is essentially a general warranty. The parties hereto hereby agree that certain of the real property described in Schedules 1, 2, 3, 4 and 5 to be sold under the Contract shall be conveyed by a bargain and sale deed and that Crystal shall extend special warranties to only those properties described in Schedules 1, 3 and 4 with the exception that special warranties are not extended to the mineral rights underlying the following properties listed in Schedule 4: Block 2, Lot 16; Block 19, Lots 6, 7, 8, 9, 11 and 12; Block 10, Lots 30 through 40; Block 11, Lots 1, 2, 12, 27, 28, and 34; Block 15, Lot 33; and, Block 24, Lots 33 through 36. Said schedules are all attached to the deed executed, acknowledged and delivered on August 27, 1980 and referred to as a "Mining Deed." Anaconda hereby agrees that it will provide written notice of such exceptions to Crystal's special warranties to any subsequent purchaser of any of the properties listed in this paragraph.

b) The Contract requires that all personal property, the data and drill core and that portion of the dumps and tailings not effectively conveyed by the Mining Deed be conveyed by a Bill of Sale in substantially the form of an exhibit attached to the Contract and identified as "Exhibit F." Since a Bill of Sale in the form of Exhibit F would, if executed, acknowledged and delivered, convey certain real as well as personal property, the parties have agreed that the Bill of Sale to be executed, acknowledged and delivered by Crystal shall be modified so as to convey only personal property, data and drill core and that portion of the dumps and tailings considered to be personal property under Colorado law.

c) It is understood that title to some of the property to be sold and purchased under the terms of the

Contract is vested in the Rico Development Co., Inc. By letter dated August 15, 1980, Anaconda indicated its willingness to accept a conveyance of such properties directly from Rico Development Co., Inc. and to forego a requirement that title pass through Crystal Exploration and Production Company. Anaconda made this acceptance contingent upon the occurrence of two events: first, that Crystal deliver a deed executed and acknowledged by the Rico Development Co., Inc., conveying all Rico Development Co., Inc.'s right, title and interest in the properties shown by Anaconda's title examination to be owned by Rico Development Co., Inc., and; second, that Crystal agree in writing to extend the same warranties contained in the Mining Deed to the property conveyed by the Rico Development Co., Inc. Deed and that such warranties would be enforceable against Crystal without regard to the fact that title to the properties had not passed through Crystal.

Crystal has agreed to the terms proposed by Anaconda. Any property shown to be held by Rico Development Co., Inc. shall be conveyed directly to Anaconda by deed, in recordable form, executed and acknowledged by Rico Development Co., Inc. Crystal has further agreed that the warranties covering the properties conveyed under the deed from Rico Development Co., Inc. shall be enforceable against Crystal even though the property was conveyed by Rico Development Co., Inc. directly to Anaconda.

d) The parties have agreed that any remaining property of Crystal in Dolores County which is not conveyed by the Rico Development Co., Inc. deed ^{THE} or Mining Deed, or by the Bill of Sale, shall be conveyed by a separate Quitclaim Deed.

INITIALS
AGY

e) Paragraph 5(g) of the Contract provides that the representations and warranties set forth elsewhere in the Contract shall survive the closing of the transaction. Since the parties have agreed to modify the warranties

provided for in the Contract and since the effect of Paragraph 5(g) in its present form is to continue in force and effect those representations and warranties in their unmodified form beyond the closing date, said paragraph is inconsistent with the intent of the parties. It is agreed by the parties hereto that Paragraph 5(f) shall be considered to be modified in accordance with Section 1 above, and with a letter agreement dated August 27, 1980 entitled "Waiver of Colorado Bulk Transfers Act Requirements"; and, that Paragraph 5(c) shall be considered to be modified so that the warranties thereunder are limited to those set out in the Mining Deed executed, acknowledged and delivered on August 27, 1980; and that, as so modified, the representations and warranties set forth in Paragraph 5 shall survive the closing.

6. Anaconda is aware of certain conflicts in and about the Rico Townsite which affect certain properties described either on Schedule 4 to the Mining Deed or on Exhibit "A" to the separate deed from Rico Development Co., Inc. It is agreed by the parties hereto that the "by, through and under" warranty contained in the mining deed or in the Rico Development Co., Inc. deed shall not extend, in any event, to any of the conflicts described below:

a) With respect to Block 18, Lot 25, Block 19, Lots 35 and 36, and Block 20, Lots 29 and 30 (an unsubdivided area) a conflict exists with Mr. Kendrick, who claims some right in or under these lots pursuant to Treasurer's Deeds. Moreover, in Block 20 there may be a conflict with respect to the minerals underlying Lots 23-27.

b) With respect to parcel No. 026 of the Atlantic Cable Subdivision, a conflict exists with Messrs. Olsen and Kelnhafer, involving an improvement which apparently intrudes on to that parcel from Block 23, Lot 5. This conflict apparently is by way of an encroachment from the Olsen and Kelnhafer property on to the subject lot.

c) The Atlantic Cable Subdivision boundary was apparently incorrectly drawn such that portions of Block 24,

Lots 35 and 36, owned by Mr. Sheridan, are inadvertently included within that Subdivision.

d) Lot 34 of Block 24 is a lot owned by Rico Argentine Mining Company on which is located the Catholic Church building.

e) Lots 1 through 4 of Block 25 are the subject of a conflict with the Stampfel Estate, which apparently claims some interest under Treasurer's Deeds. Block 16, Lot 26 and Block 19, Lots 1 through 5 are also subject to conflicts with the Stampfel Estate, and the Rio Grande and Southern Railroad right-of-way acquired by Rico Argentine Mining Company through the Railroad Receiver's Deed may be subject to a conflict, as said right-of-way crosses the Dolores Placer owned by the Stampfel Estate.

f) With respect to Block 12, Lots 37 through 40, a conflict exists with Messrs. Litton and Gilbreath as to the West 25 feet of each lot. These two individuals claim an interest in the West 25 feet of each of these lots by some instrument of conveyance which apparently contains an erroneous description.

g) With respect to Block 12, Lots 37 through 40, one of the deeds in Rico Argentine's chain of title to these lots incorrectly refers to the "East 25 feet" rather than the "West 25 feet," and to the "West 75 feet" instead of the "East 75 feet" of said lots.

h) Block 14, Lots 13 through 16 have been conveyed by Rico Development Co., Inc., but the deed confirming that conveyance has not yet been recorded by the purchaser.

i) With respect to Block 2, Lots 16 and 17, there is a conflict with Mr. Pettingill, a portion of whose house and fence is located on these lots and who claims an interest in the minerals under these lots.

j) With respect to Block 9, "Lots" 17 through 19 (an unsubdivided area), a conflict exists with Mr. Pyle who claims some right in these "lots" pursuant to a deed. These

"lots" conflict with a portion of the New Year Lode Claim within the Rico Townsite.

k) The Thompson Tract is to be sold under a pending contract of sale with Edward Merritt, and is currently being resurveyed because of a problem created by reliction of the Dolores River.

l) In County Deed at Book 95, Page 600, and Treasurer's Deed at Book 104, Page 161, the county and the treasurer conveyed the surface only to the following properties within the Townsite, and some question exists as to ownership of the oil, gas and minerals under these lots, to wit:

Block 2, Lot 16

Block 19, Lots 6, 7, 8, 9, 11 and 12

Block 10, Lots 30 through 40

Block 11, Lots 1, 2, 12, 27, 28, 33 and 34

Block 15, Lot 33

Block 24, Lots 33, 34, 35 and 36.

7. As evidenced by Paragraph 2 of the letter agreement effective as of June 17, 1980, modifying the terms of the Contract, the parties are aware that the closing of this transaction is not contingent on approval by the Colorado Public Utilities Commission of the transfer of the assets of the Rico Telephone Company to Anaconda. Crystal and Anaconda have agreed that Crystal will conditionally transfer and assign all right, title and interest in the assets of the Rico Telephone Company to Anaconda at closing by the Quitclaim Deed and Bill of Sale dated August 27, 1980. The parties are aware that said transfer and assignment is subject to the written approval of the Colorado Public Utilities Commission. The parties agree to cooperate in taking the necessary steps to secure the approval of the Public Utilities Commission of Colorado as expeditiously as possible.

The parties further agree that in the event the Public Utilities Commission fails to authorize the sale of the assets of the Rico Telephone Company, or fails to approve the continued operation of said company after consummation of the sale transaction, then said transaction shall be rescinded and all right, title and interest in the assets of the Rico Telephone Company shall revert to Crystal.

8. Crystal has agreed to transfer and assign to Anaconda all right, title and interest of Crystal in the names "Rico Telephone Company," and "The Rico Telephone Company," together with all good will associated therewith. However, it is understood that such transfer and assignment shall not be effective unless and until the Public Utilities Commission of Colorado approves the transfer of the assets of the Rico Telephone Company from Crystal to Anaconda.

9. With respect to the requests directed to Anaconda from the Mined Land Reclamation Division ("Division") of the Colorado Department of Natural Resources to conduct an inventory of inactive mines on the property presently belonging to the Crystal Exploration and Production Company, the parties have agreed that it would be inappropriate for Anaconda to grant permission to the Division to inspect Crystal's property and that it would be more appropriate for both Crystal and Anaconda to refuse to grant the Division permission to enter the land to conduct the inventory until after the date on which the transaction has been closed. Once the transaction has been closed, Anaconda will own the property on which inactive mines are allegedly located and will have full authority to grant or deny entry to the Division, and to control the conditions of entry.

10. Paragraph 2 of the Contract provides that Anaconda will deliver to Crystal at closing a check covering the sales tax due on the personal property conveyed by Crystal to Anaconda. The parties have agreed, since titled vehicles

are separately taxed for purposes of the Colorado Sales Tax at the time a new Certificate of Title is requested, that Anaconda will be responsible for paying all sales tax due on the vehicles for which a Certificate of Title exists and that Anaconda will pay such tax at the time it registers the vehicles and requests a new Certificate of Title. With respect to vehicles for which no title exists, the taxable value of such vehicles has been added to the Personal Property Inventory and the sales tax will be paid at closing.

11. It is understood by the parties hereto that during the August, 1979 exchange of properties between Crystal and the Town of Rico the surface rights to a small parcel of land, identified as the East twenty feet of Lots 5 through 20, Block 28, Rico Townsite, were erroneously omitted in the conveyance from Crystal to Rico. Since Crystal still owns these lands, all right, title and interest thereto will pass to Anaconda under the Mining Deed. Anaconda hereby agrees that, subsequent to consummation of this transaction, it will deliver to the Town of Rico its quitclaim deed, in substantially the form of the attached Item A, conveying the surface rights only in this parcel, more particularly described as the East 20 feet of Lots 5 through 20, Block 28, Rico Townsite, also being within the N.W. 1/4 of Sec. 36, T. 40 N., R. 11 W., N.M.P.M.; Dolores County, Colorado, and containing 8,000 square feet, more or less.

12. Crystal and Anaconda agree, with respect to the following matters which may be pending or continuing subsequent to the closing of this transaction, that:

a) Anaconda shall have no obligation with respect to the dispute with Mr. Pettingill concerning Lot 16 of Block 2, which lot is owned by the Rico Development Co., Inc. The surface rights to said lot will not be conveyed to Anaconda and, in the event it is determined the surface rights to this lot have passed to Anaconda, Anaconda hereby covenants and agrees that it will upon request, without

additional consideration, deliver to Crystal its quitclaim deed conveying the surface rights to said lot to Crystal.

b) Anaconda shall have no obligation to defend any breach of warranty action or other action which may be brought by a purchaser of Lot 17 of Block 15 on the ground that the Rico Community Church building is located on the North 20 feet of said lot.

c) Crystal shall have no further obligation with respect to any quiet title actions pending or to be filed in Dolores County in which it has been named as plaintiff, and Crystal shall be removed as a party of record. Anaconda shall have the discretionary right to determine whether to continue the quiet title actions as a party of record.

d) Crystal shall not be subject to any other obligations or responsibilities with respect to the properties involved in this transaction subsequent to closing, except as otherwise specified in this Closing Agreement.

IN WITNESS WHEREOF, the parties have executed this Closing Agreement at Denver, Colorado on this 27th day of August, 1980.

CRYSTAL EXPLORATION AND
PRODUCTION COMPANY

By 

THE ANACONDA COMPANY

By 
Exec. Vice President

Recorded as 2210

Recorded as 11708

Vada Book, 11

p. Sept 3, 1980
1981 No. 352-354

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QUITCLAIM DEED

Sept. 3, 1980

THIS DEED, made this 27 day of August, 1980, between CRYSTAL EXPLORATION AND PRODUCTION COMPANY, a Florida corporation, and CRYSTAL OIL COMPANY, a Maryland corporation ("Grantors"), and THE ANACONDA COMPANY, a corporation organized and existing under and by virtue of the laws of the State of Delaware ("Anaconda"), whose street address is 555 Seventeenth Street, Denver, Colorado 80217;

W I T N E S S E T H:

That Grantors, for and in consideration of the sum of Ten Dollars (\$10.00) and other valuable consideration in hand paid by Anaconda, the receipt whereof is hereby confessed and acknowledged, have granted, bargained, sold and quitclaimed, and by these presents do grant, bargain, sell, quitclaim and confirm unto Anaconda, its successors and assigns forever, the following described property situate, lying and being in the County of Dolores, and State of Colorado, to wit:

All property, of whatsoever character real, personal or mixed, now owned by Grantors, or either of them (or by Crystal Exploration and Production Company's division, Rico Argentine Mining Company), not otherwise conveyed by that certain Mining Deed from Grantors to Anaconda of even date herewith and that certain Bill of Sale from Grantors to Anaconda of even date herewith, including any unadjudicated water rights owned by Grantors (including, without limitation, those water rights identified as Coke Owens Tank and Pipeline, Leon Flume, Leon Flume No. 2 and Pipelines), and excepting only the Gulf Patented Lode Mining Claim and the Silver Glimpse Lode Mining Claim (U.S. Mineral Survey No. 7111), without any other exception or reservation whatsoever.

Provided, however, that all assets of The Rico Telephone Company as described on that certain document entitled "Annual Report to the Public Utilities Commission of Colorado For Year Ended December 31,

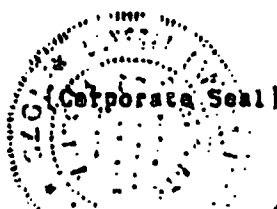
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1979" and dated April 8, 1980, not otherwise conveyed by that certain Bill of Sale from Grantors to Anaconda of even date herewith, are hereby granted, bargained, sold and quitclaimed subject to the approval of the Public Utilities Commission of Colorado.

TOGETHER WITH all and singular the hereditaments and appurtenances thereunto belonging, or anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof; and all of the estate, right, title, interest, claim and demand whatsoever, of Grantors, or either of them, either in law or in equity, of, in and to the above bargained premises, with the hereditaments and appurtenances appertaining thereto; and all improvements and fixtures, mines, minerals, ores, veins, dips, spurs, angles and extralateral rights, and all dumps, severed ore, waste rock, spoils, tails, rights, privileges and franchises thereto incident or therewith used and enjoyed;

TO HAVE AND TO HOLD, the said premises above bargained, quitclaimed and described with the appurtenances, unto THE ANACONDA COMPANY, its successors and assigns forever.

IN WITNESS WHEREOF, the said Grantors have hereunto set their respective hands and seals the day and year first above written.



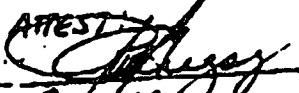
CRYSTAL EXPLORATION AND PRODUCTION
COMPANY, a Florida corporation

By [Signature]
its President

ATTEST:

its

Secretary

ATTEST

 Secretary

[Corporate Seal]

CRYSTAL OIL COMPANY, a
 Maryland corporation

By


 President

STATE OF LOUISIANA

)

ss.

Parish of Caddo

The foregoing instrument was acknowledged before me on
 this 27th day of AUGUST, 1980, by Robert F. Roberts
 as President of Crystal Exploration and Production
 Company, a Florida corporation.

Witness my hand and official seal.

(SEAL)


 Notary Public

My commission expires

LANE M. CASKLEY, Jr.
 Notary Public, State of Louisiana
 My Comm. Expires 12/31/81

STATE OF LOUISIANA

)

ss.

Parish of Caddo

The foregoing instrument was acknowledged before me on
 this 27th day of AUGUST, 1980, by Robert F. Roberts
 as President of Crystal Oil Company, a Maryland cor-
 poration.

Witness my hand and official seal.

(SEAL)


 Notary Public

My commission expires

LANE M. CASKLEY, Jr.
 Notary Public, State of Louisiana
 My Comm. Expires 12/31/81